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**ANNUAL AUDITED REPORT
FORM X-17A-5
PART III**

OMB APPROVAL

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**Information Required of Brokers and Dealers Pursuant to Section 17 of the
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder**

REPORT FOR THE PERIOD BEGINNING 01-01-03 AND ENDING 12-31-03
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER:

Mowell Financial Group, Inc.

OFFICIAL USE ONLY

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

FIRM I.D. NO.

407 East Sixth Avenue

(No. and Street)

Tallahassee

FL

32303

(City)

(State)

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

John B. Mowell

850-386-6161

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

James D.A. Holley & Co., P.A.

(Name - if individual, state last, first, middle name)

2878 Mahan Drive

Tallahassee

Florida

32308

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:

- ☒ Certified Public Accountant
☐ Public Accountant
☐ Accountant not resident in United States or any of its possessions.

FOR OFFICIAL USE ONLY

PROCESSED

MAR 29 2004

**THOMSON
FINANCIAL**

*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

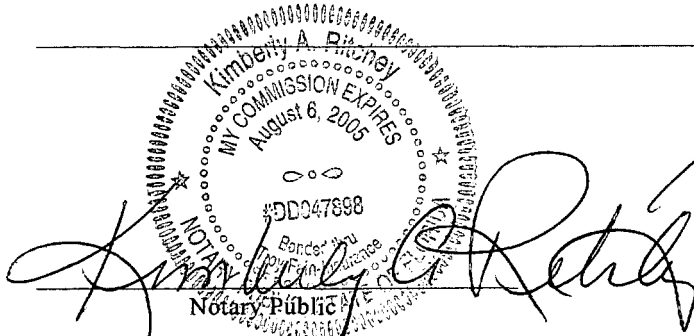
SEC 1410 (06-02)

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information contained in this form are not required to respond
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BB

OATH OR AFFIRMATION

I, John B. Mowell, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Mowell Financial Group, Inc., as of December 31,, 2003, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:



[Signature]
Signature
President
Title

This report ** contains (check all applicable boxes):

- ☒ (a) Facing Page.
- ☒ (b) Statement of Financial Condition.
- ☒ (c) Statement of Income (Loss).
- ☒ (d) Statement of Changes in Financial Condition. - Cash flows
- ☒ (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
- ☐ (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors. Not applicable, there are none.
- ☒ (g) Computation of Net Capital.
- (1) ☐ (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- (1) ☐ (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
- (1) ☐ (j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-3 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- ☒ (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- ☒ (l) An Oath or Affirmation.
- ☐ (m) A copy of the SIPC Supplemental Report. - Not required.
- ☒ (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

****For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).**

- (1) Not applicable, exempt from the provisions of Rule 15c3-3 under paragraph (k) (2) (ii)

MOWELL FINANCIAL GROUP, INC.

AUDITED FINANCIAL STATEMENTS

For the year ended December 31, 2003

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JAMES D. A. HOLLEY & Co., P.A.

CERTIFIED PUBLIC ACCOUNTANTS

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JAMES D. A. HOLLEY, C.P.A. (1899-1986)
ROBERT T. GRAVELY, C.P.A. (1926-1995)

HARRY A. MULLIKIN, JR., C.P.A.
CHARLES W. PENNINGTON, C.P.A.
JOHN A. MADDEN, C.P.A.
L. MCRAE HARPER, C.P.A.
GWYNNE Y. PARMELEE, C.P.A.
MATTHEW H. GILBERT, C.P.A.
JOAN S. MCINTYRE, C.P.A.
DONNA S. BERGERON, C.P.A.

MEMBERS

AMERICAN INSTITUTE OF CERTIFIED
PUBLIC ACCOUNTANTS
SEC PRACTICE SECTION
TAX SECTION

FLORIDA INSTITUTE OF CERTIFIED
PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

Mr. John B. Mowell, President
Mowell Financial Group, Inc.
Tallahassee, Florida

We have audited the accompanying statement of financial condition of Mowell Financial Group, Inc. as of December 31, 2003, and the related statements of income, changes in stockholder's equity, and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Mowell Financial Group, Inc. as of December 31, 2003, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental information contained in pages 8 through 10 is presented for purposes of additional analysis and is not a required part of the basic financial statements, but is supplementary information required by Rule 17a-5 of the Securities and Exchange Commission. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

James D. A. Holley & Co., P.A.

February 20, 2004

MOWELL FINANCIAL GROUP, INC.
STATEMENT OF FINANCIAL CONDITION
December 31, 2003

ASSETS

Cash	\$ 170,592
Commissions receivable	11,054
Investments	34,676
Cash value of life insurance	28,768
Employee advances	5,855
Deferred taxes	168,402
Office furniture and equipment	<u>1,774</u>
	<u>\$ 421,121</u>

LIABILITIES AND STOCKHOLDER'S EQUITY

Liabilities:	\$ 5,704
Accounts payable	<u>63,000</u>
Note payable	<u>68,704</u>
Stockholder's equity:	
Common stock; \$1.00 par value:	
Authorized: 100 shares	100
Issued and outstanding: 100 shares	86,900
Capital paid in excess of par value	<u>265,417</u>
Retained earnings	<u>352,417</u>
	<u>\$421,121</u>

The accompanying notes are an integral part of these financial statements.

MOWELL FINANCIAL GROUP, INC.
STATEMENT OF INCOME
For the year ended December 31, 2003

Income:	\$ 561,055
Commissions and fees	4,267
Interest and dividends	826
Gain on investments	<u>566,148</u>
Expenses:	300,132
Salaries and commissions	46,049
Payroll taxes and employee benefits	38,589
Occupancy	29,877
Office	14,468
Telephone	11,358
Professional fees	13,116
Equipment rental and maintenance	2,442
Depreciation	5,079
Taxes and licenses	623
Other expenses	<u>461,733</u>
Income before income taxes	104,415
Income taxes	<u>27,345</u>
Net income	<u>\$ 77,070</u>

The accompanying notes are an integral part of these financial statements.

MOWELL FINANCIAL GROUP, INC.
STATEMENT OF CHANGES IN STOCKHOLDER'S EQUITY
For the year ended December 31, 2003

	<u>Common Stock</u>	<u>Paid In Capital</u>	<u>Retained Earnings</u>
Balance, December 31, 2002	\$ 100	\$ 49,900	\$188,347
Contribution to capital		37,000	
Net income			<u>77,070</u>
Balance, December 31, 2003	<u>\$ 100</u>	<u>\$ 86,900</u>	<u>\$265,417</u>

The accompanying notes are an integral part of these financial statements.

MOWELL FINANCIAL GROUP, INC.
STATEMENT OF CASH FLOWS
For the year ended December 31, 2003

Cash flows from operating activities:	\$ 77,070
Net income	
Adjustments to reconcile net income to net cash provided by operating activities:	(826)
Gain on investments	2,442
Depreciation	14,390
Decrease in receivables	27,345
Decrease in deferred taxes	1,347
Increase in payables	<u>121,768</u>
Net cash used in operating activities	
Cash flows from investing activities:	15,950
Proceeds from sale of securities	(517)
Purchase of equipment	(913)
Investment in cash value of life policy	<u>14,520</u>
Net cash provided by investing activities	
Increase in cash and cash equivalents	136,288
Cash and cash equivalents at beginning of year	<u>34,304</u>
Cash and cash equivalents at end of year	\$ <u><u>170,592</u></u>
Supplemental cash flow disclosures:	
Noncash financing activities - reduction of debt through \$37,000 contribution to paid in capital.	

The accompanying notes are an integral part of these financial statements.

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

The Company is a registered securities dealer. The accounting principles followed by the Company and the method of applying those principles conform with generally accepted accounting principles and with general practice within the securities dealers industry.

Cash and Cash Equivalents

Cash includes amounts in checking and money market accounts at banks, and investments in liquid asset funds.

Commissions Receivable

Commissions receivable represent amounts due for securities trades from the Company's clearing broker-dealer. An allowance for bad debts has not been established because they were all current and collected after year end.

Investments

Investments in marketable securities are carried at market value. Gains and losses on securities are accounted for by the specific identification method.

Office Furniture and Equipment

Office furniture and equipment are stated at cost net of accumulated depreciation. Depreciation is computed by the straight-line method over estimated useful lives of 5-7 years.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. INVESTMENTS

Investments consist of equity securities with a cost basis of \$33,555, and market value of \$34,676. Gain on investments for the year are market value gains of \$2 and realized gains of \$824.

3. OFFICE FURNITURE AND EQUIPMENT

These assets consisted of the following at December 31, 2003:

Furniture and equipment	\$ 121,675
Leasehold improvements	<u>7,757</u>
	129,432
Less accumulated depreciation	<u>127,658</u>
	<u>\$ 1,774</u>

NOTES TO FINANCIAL STATEMENTS

4. NOTE PAYABLE

The unsecured note is owed to the Company president. Principal and interest are due on demand. The principal was reduced \$37,000 by a contribution to paid in capital.

5. BENEFIT PLANS

The Company maintains a profit sharing plan and a 401(k) plan which cover full-time employees after one year of service. The Company's general funding policy is to contribute amounts deductible for federal income tax purposes. Employees may contribute up to 15% of their compensation to the 401(k) plan. No Company contribution was made for 2003.

6. INCOME TAXES

The provision for income taxes reflected in the statement of income differs from the amount computed by applying the statutory federal income tax rates to income before income taxes because the Company received nontaxable dividends and is subject to state income taxes.

The temporary differences between the financial statement basis and the tax basis of assets and liabilities are as follows:

Deferred tax assets:	
Net operating loss carryforward	\$ <u>169,045</u>
Deferred tax liabilities:	
Unrealized gain on securities	399
Depreciation	<u>244</u>
	<u>643</u>
Net deferred tax asset	\$ <u>168,402</u>

The Company has net operating loss carryforwards of \$474,615 expiring in 2020 through 2023.

7. COMMITMENTS

The Company has operating leases for office equipment. The future minimum rental payments for the year 2004 are \$6,766. Equipment rental expense for 2003 was \$12,604.

8. RELATED PARTY TRANSACTIONS

The Company and Mowell Financial Group, N.A., which provides investment management services, are both wholly owned by their president, John B. Mowell, Sr. The companies share the occupancy costs for the building owned by the president. Mowell Financial Group, Inc. paid \$10,500 in 2003. The Company was reimbursed \$135,679 for services it provided to Mowell Financial Group, N.A. during 2003. Other operating costs of each company are sustained by the business incurring the expense.

MOWELL FINANCIAL GROUP, INC.
COMPUTATION OF NET CAPITAL, BASIC NET CAPITAL
REQUIREMENT, AND AGGREGATE INDEBTEDNESS
December 31, 2003

Exempt from the provisions of Rule 15c3-3 under paragraph (k)(2)(ii)

COMPUTATION OF NET CAPITAL

Total ownership equity from statement of financial condition	\$ 352,417
Deduct ownership equity not allowable for net capital	<u> </u>
Total ownership equity qualified for net capital	352,417
Additions:	
None	
Deductions:	
Total nonallowable assets	<u>176,032</u>
Net capital before haircuts on securities positions	176,385
Haircuts on securities	<u>7,332</u>
Net capital	<u>\$ 169,053</u>

COMPUTATION OF BASIC NET CAPITAL REQUIREMENT

Net capital	\$ 169,053
Minimum net capital required	<u>\$ 4,580</u>
Minimum dollar net capital requirement	<u>\$ 5,000</u>
Net capital requirement	<u>5,000</u>
Excess net capital	<u>\$ 164,053</u>
Excess net capital at 1,000%	<u>\$ 162,183</u>

COMPUTATION OF AGGREGATE INDEBTEDNESS

Total aggregate indebtedness	<u>\$ 68,704</u>
Percent of aggregate indebtedness to net capital	<u>41%</u>

MOWELL FINANCIAL GROUP, INC.
RECONCILIATION BETWEEN AUDITED AND UNAUDITED NET CAPITAL
December 31, 2003

Net capital - unaudited Form X-17A-5, Part IIA	\$ 169,012
Reconciling items - year end adjustment to taxes	<u>41</u>
Net capital - audited	<u>\$ 169,053</u>

SUPPLEMENTAL REPORT

Our examination of Mowell Financial Group, Inc. as of and for the year ended December 31, 2003, disclosed no material inadequacies.

James D. A. Selley & Co., P.A.

February 20, 2004